

1. The NSD indicator has been red for the first two quarters. The analysis for the third quarter has again indicated red. The approach NSD has been adopting measures the total number of outstanding assessment task to support permissioning activities. The database shows that for the third quarter, only 61% of tasks have been achieved on the agreed timescale. This figure is similar to those in the previous quarters and for the previous year. NSD believe there are two key factors affecting this analysis. First, the database was not designed to record or measure the type of information that is required for the balanced score card, i.e. in-year performance against committed resource levels. This should have been foreseen but as NSD had not used the Balance Score Card before, the significance of the backlog of unfinished work (estimated to be equivalent to 40 staff years) and the impact of emergent high priority work had not been appreciated. The second is the way emergent, higher priority work is accounted for in the database.
2. NSD saw the Red Light as an indicator of their resource shortfall and not a measure of their performance in relation to the permissioning of their priority activities. This view was based on their internal management arrangements and the fact that there were no significant complaints from their licensees relating to plant operational hold-ups resulting from NII.
3. Following the second Red Light, the accuracy of the data in the database was re-examined but the fundamental function of the database was not questioned. Some errors were found and the resulting analysis showed a better performance in Q1 and Q2. Not surprisingly, given the increased inspector awareness of the need to ensure the accuracy of the data in the database, the performance in Q3 is similar to the revised results for the first two quarters.
4. NSD is convinced that its assessors are performing effectively and hence it has recognised, in the light of further questioning, that the database it is using does not give the performance data required for the Balanced Score Card. **The current database is appropriate for showing the impact of resources and emergent work, but it is not a good measure of actual in-year performance of agreed work delivered through agreed resources.**
5. NSD is now in the process of re-examining each entry in the database to identify the tasks that related to the work it planned to deliver this year with its current resources. The re-analysis will also ensure that work displaced by higher priority work is properly accounted for both in relationship to redefined completion dates and the completion of the higher priority work. An example of the disruption to the work programme in Division 1 is the failure of cast iron pipe work at one of the Advanced Gas Cooled Reactor power stations and the implications for the safe operation of the other AGRs which generate nearly 20% of the UK's electricity. NII and the licensee agreed that resolution of this issue was of prime importance and other previously agreed work would be put back.

6. NSD's analysis and re-assessment of its performance against the Balanced Score Card requirements will be completed shortly, and its revised figures will be reported to the Board at its meeting on 18 February.